DOCUMENT RESUME

ED 422 767 HE 031 496

AUTHOR	Farquhar, Robin H.
TITLE	Alternative Options in State-University Relationships in a Regional Setting: The Case of Canada.
PUB DATE	1998-06-08
NOTE	13p.; Paper presented at the Salzburg Seminar Universities Project's Symposium on "The Development of Russian Universities in a Regional Context" (Salzburg, Austria, June 8, 1998).
PUB TYPE	Reports - Descriptive (141) -- Speeches/Meeting Papers (150)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Administrative Organization; *College Administration; *Educational Finance; Foreign Countries; Full State Funding; *Government Role; *Government School Relationship; Higher Education; *Institutional Autonomy; Public Education; State Departments of Education; State Government; State Regulation
IDENTIFIERS	*Canada

ABSTRACT

This document highlights the special challenges that Canada's higher education system faces due to its organizational structure that is, the relationship between the federal government and the provincial governments. Virtually all Canadian universities are publicly supported, but because the constitution clearly assigns responsibility for education to the provinces, postsecondary institutions operate under the authority of their respective provincial ministers of education. The federal government plays a modest role in certain areas: it is the main source of support for university research; it operates the country's major program of direct student assistance; and it manages the education of "wards" of the federal state, such as aboriginal peoples, prison inmates, and the military. Generally, neither the federal nor provincial governments intervene in the operation of universities, which are permitted to function as independent, self-governing corporations as long as they do so in a responsible, accountable, and effective manner. However, such a system creates special problems: There is costly duplication among the provinces in their development and implementation of educational programs; there are inconsistencies in educational content, structures and standards between provinces; and there is confusion about what the Canadian educational "system" is and about where accountability lies for such functions as international education. (CH)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 422 767

ALTERNATIVE OPTIONS IN STATE-UNIVERSITY RELATIONSHIPS IN A REGIONAL SETTING: THE CASE OF CANADA

By

Robin H. Farquhar

Professor of Public Administration
and
Former President

Carleton University
Ottawa, Canada

HE 031 496

Presented at the Salzburg Seminar Universities Project's Symposium on
"The Development of Russian Universities in a Regional Context"

Salzburg, Austria

June 8, 1998

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

Robin H. Farquhar

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☒ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

ALTERNATIVE OPTIONS IN STATE-UNIVERSITY RELATIONSHIPS IN A REGIONAL SETTING: THE CASE OF CANADA

Canada is a constitutional monarchy; although it is governed by a democratically elected parliament representing all parts of the country and led by a Prime Minister, its official Head of State is the Queen of Britain. Structurally, we are a federation comprising ten provinces and three northern territories; each of the provinces is governed by an elected legislature headed by a premier. It is a vast country, second in area only to Russia, with a population (concentrated largely along the southern border with the United States) of over thirty million people representing a diverse range of ethnic cultures, including the various aboriginal Indian and Inuit peoples and the waves of immigrant groups from all over the world. It is also an officially bilingual country, with services available nationwide in both English and French and the latter constituting the mother tongue of about 30% of the population, a majority of whom live in the province of Quebec.

The Canadian Constitution clearly assigns responsibility for education to the provinces, and this jurisdiction is jealously guarded against any threat of incursion by the federal government. This means that our schools, colleges, and universities operate under the authority of provincial Ministers of Education; it also means that we have no national ministry, agency, office, or department of education — no single entity can speak for, represent, or establish policy on education in the country as a whole. Such a system creates some difficulties, or special challenges; for example:

- there is costly duplication among the provinces in their development and implementation

of educational policies and programs;

- there are inconsistencies in educational content, structures, and standards from one province to another; and

- there is confusion among outsiders about what the nature of Canada's educational "system" is, and among Canadians about where accountability lies for such functions as international education (e.g., since the international domain is a federal matter and the education portfolio is a provincial concern, neither level takes the lead in this area).

Nevertheless, these problems have historically been viewed as less important than the advantages that accrue from governing education at the provincial level, because of the differences among the provinces and because they are closer to the people and their social needs than the federal government can be.

The location of governmental responsibility is significant for higher education because virtually all universities in Canada are publicly supported; we have no private institutions like the U. S. does, and so the operation of our post-secondary sector is heavily dependent on government — and for us this means the provincial governments. The federal government plays a modest role in certain areas which are clearly within its constitutional jurisdiction or which do not impinge directly upon the provision of educational programs; for example:

- it is the main source of support for university research, which it provides largely through national granting councils (to which I'll return shortly);

- it operates the country's major program of assistance directly to students through scholarship, loan, and bursary provisions; and

- it manages the education of groups who are "wards" of the federal state such as

aboriginal peoples, penitentiary inmates, and military cadets.

But these endeavours are on the periphery of our educational delivery system. They are not fundamentally concerned with the academic programs that our universities offer; the latter are the constitutional "turf" of our provincial governments.

In fact, even though about half of the money for operating Canadian higher education is raised through the federal taxing authority, it is not allocated directly to our post-secondary institutions; rather, it is transferred to the provincial governments on an equalized basis in the form of block grants with no restrictions on how the provinces, in turn, distribute it nor any requirement that it even go to higher education. The level of government support for the operation of our universities is virtually the exclusive domain of the provinces. Thus, the regionalization of post-secondary education is highly developed and solidly entrenched in Canada.

Our Canadian experience is consequently pertinent to the consideration of state-university relationships in a regional setting, and I'm pleased to share with you some of my observations on this subject. In doing so, I'll use Ontario as an example since it is our largest province and the one I know best (having recently completed a seven-year term as President of a comprehensive university there).

The basic operating funds for our universities come from three main sources: about 60% of them are provided by the provincial government; approximately 35% is paid by students through tuition fees; and around 5% is raised by the universities from the private sector in the form of gifts and donations by business corporations, private foundations, and alumni and other individuals. By basic operating funds I mean the money needed to finance the ongoing operation of our universities as educational institutions; this excludes various grants and contracts for

research (which I'll refer to later), the income from several non-profit ancillary operations like student residences, bookstores, cafeterias, parking, athletics and copying services, and revenue derived from a variety of profit-making enterprises such as real estate development on campus lands, spin-off companies for technology transfer, and special-purpose training and consulting projects at home and abroad. For our core activities, then, we depend upon the provincial government for almost two-thirds of the funding required; therefore, the manner in which this support is determined becomes a critical component of state-university relationships in our regions.

Essentially, once the province has decided how much it is prepared to spend on higher education each year, it uses a formula to distribute it equitably among its eighteen universities. This formula is based on the number of students attending each institution, averaged over the previous three years, and varied according to the costs of programs in different disciplines and at different levels. In counting students for this purpose, only those enrolled in approved programs are included (I'll comment on what this means in a moment). Beyond these basic operating grants, the government provides supplements to those universities with certain special needs relating to such factors as geographic remoteness, minority languages, disabled students and others. All of these elements — the total amount available, the funding formula, and the special-purpose grants — are fully visible and fairly available to all universities, so there is little possibility of political favoritism, bureaucratic corruption or institutional cheating.

Moreover, the only opportunity the government has to influence what the universities do with these funds is through the process of program approval, which is carried out by the province on the basis of recommendations from teams of scholars in the disciplines concerned who judge

proposals from institutions for new programs according to such factors as the provincial need for them, the avoidance of duplication with programs already being offered by others, and the demonstrable strengths of proposing universities with respect to quality, talent and other available resources. Here again, the criteria are known and accepted by all institutions and so the system is generally perceived as reasonably equitable and relatively free from governmental interference in academic decision making. It should also be noted that a lack of approval for a program does not necessarily prevent the proposing university from implementing it anyway; it just means that the students enrolled in it will not be included in calculating the institution's basic operating grant from the province.

The other principal source of funds for running our universities, as already noted, is tuition fees paid directly to the institutions by students, with the amounts depending on the number, level and discipline of courses in which each is enrolled. Here, too, the provincial government plays a role — and again, it is a comparatively non-interventionist one. While the authority to establish tuition fees rests with each individual university, the province indicates every year an upper limit for these fees; and if an institution exceeds that limit, its basic operating grant from the government is reduced correspondingly. The trend in recent years, however, has been toward deregulation in that the provincial limit has become applicable only at a global level and each university can charge whatever fee it believes the market can bear for any given program as long as the total for all programs remains within the limit. This means, of course, that there is considerable variation among institutions in the tuition their students pay; but this flexibility induces universities to be competitive in terms of both quality and cost since they must attract fee-paying students in order to remain financially viable. So once more we see the role of government

being to establish a general and transparent policy framework that ensures equity, responsiveness and efficiency while leaving each institution quite free to decide how it will operate, both academically and administratively, within those broad provincial parameters.

Similarly, the costs of campus facilities are met with governmental assistance but not control. The approach here is a simple one based on inadequacy. The province provides each university with a modest capital grant each year for maintenance, repairs, equipment and renovations — determined again by formula, this time based on the amount of area occupied; and it occasionally contributes to the costs of constructing new buildings if they are obviously needed to accommodate newly approved programs or to replace unsafe structures. But these provisions are far from sufficient, and so the institutions must raise the remainder of the funds needed from other sources — usually gifts from business corporations and wealthy individuals. Indeed, this kind of philanthropy is sometimes encouraged by government programs to match every dollar received from private sources — an incentive to giving that is occasionally employed in the area of support for student bursaries and scholarships as well if the government wishes to see enrollment significantly increased or the disadvantaged better represented, for example. So here, as with operating grants and tuition fees, the public policy approach to universities in Canada's regions is founded upon inducements more than mandates and seeks to respect academic autonomy while encouraging institutional accountability.

I want to take a short look now at the legal framework within which our higher education establishments operate. The typical university in Canada is a creation of the regional state, having been established by an Act of the provincial legislature. It is not, however, an agent of the state; rather, it is a private corporation operating under the authority of legislation that defines its

functions and delineates its governance. The functions are described in very broad, general terms — so much so that most university Acts would accurately portray most other universities — which means that the distinctive directions and different priorities followed by individual institutions are the results of their own decisions, not of governmental stipulations.

These decisions are made through an internal governance structure, the form of which is also set down in the establishing legislation. It usually calls for a bicameral system consisting of two senior bodies, a Board of Governors and a Senate. The Board is the ultimate authority, but the Senate has the main influence on academic matters. A university's Act states in considerable detail what the duties of each body are and how they are comprised; basically, Boards are externally oriented and Senates are internally inclined.

The Board of Governors normally consists of around thirty members, a few of whom are elected within the university to represent various faculty, staff and student constituencies, but the majority of whom are business and professional leaders from the broader community who are chosen because they have expertise or skills that can help the institution's management and are willing to volunteer their services for a number of hours each month to do so; an Act may call for some of them to be named by the provincial government, but most of them are appointed by the Board itself in order to enhance its own competence and representativeness. Boards are responsible for making policy and monitoring management in the corporate aspects of the university's operation: its budget and other financial matters, its property and other holdings, its personnel and labour relations, its contracts and other legal obligations, and the like. As the university's most senior body, the Board is held accountable for the successful operation and financial viability of the institution, although its members are insured against individual liability in

the case of failure unless they have acted criminally or in bad faith.

The Senate often has seventy or more members, some of whom are academic administrators who serve by virtue of office and several of whom are elected to represent student constituencies, but the majority are faculty members elected by their colleagues to represent the various scholarly disciplines taught at the university; there are seldom any government appointees. Senates are responsible for making policy and monitoring management in the academic aspects of the institution's operation: admission standards, degree requirements, course approvals, program changes, student support, research policies, academic planning, graduation lists, inter-institutional linkages, etc. While a Board can refuse to provide the resources necessary to implement Senate decisions, it cannot implement academic decisions without Senate agreement.

It is obviously critical that there be careful coordination between the work of Boards and Senates, and this is a key responsibility of the university's President or Rector and his or her management team. The President is appointed by the Board, usually on the recommendation of a committee elected jointly by the Board and Senate and typically for a term of five to seven years, which can be renewed for one or more further terms (again by the Board on the recommendation of a committee elected jointly by the Board and Senate). The President is selected on the basis of academic qualifications and managerial expertise normally after a nationwide or international search process, is accountable to the Board of Governors which can fire him or her for incompetence or dereliction of duty, and is contracted for a duration that permits sustained leadership.

What is important to observe here for our present purposes is the absence of political intervention in the affairs of the university, even though it is established by the provincial

legislature and financed largely by government funds. The institution itself, through its own bicameral governance structure outlined in the legislation creating it, determines what it does, how and to whom by whom; how it is organized and budgeted to do it; what its relationships are to external agencies; and virtually every other aspect of governing and managing a complex organization. Each university obtains and spends its own money, employs and compensates its own staff, designs and implements its own programs, and owns its property and other assets.

This is not to say, however, that the province takes no interest in the institution's stewardship of the public resources provided through the government's taxation of the provincial population. On the contrary, there are accountability measures to ensure that academic quality and economic efficiency are maintained. But these tend to be governmental mechanisms to provide public assurance that the university has established and implemented responsible programs of quality control and fiscal audit, rather than means for the government to conduct these procedures itself. Nor does Canada have a counterpart to the state boards of higher education that are common in the U. S.; many of our provinces used to have intermediary "buffer" bodies between the governments and the institutions, but these tended to be advisory to both parties rather than decision-making entities and, in any event, they have disappeared in recent years so that our universities now relate directly (and often collectively) to the provincial governments — but within the general framework of academic freedom and institutional independence that I have described.

Let me conclude this review of the relative autonomy that Canadian universities enjoy by leaving the regional arena and returning briefly to the national level, where the closest our federal government comes to intrusion is in the field of research support. While the participation rate in

Canada's post-secondary sector is the highest among OECD countries (with more than 46% of our population aged 25 to 64 having had some higher education, compared to 32% in the U. S. and 20% for OECD countries as a whole), our investment in research (at 1.64 % of gross domestic product) lags well behind all the other major OECD countries except Italy (at 1.13%). Further, we are disproportionately dependent on our universities to conduct this research, with about one-quarter of the country's total investment in R and D being directed to our campuses. Most of this support comes from the federal government, the vast majority of it being allocated by the national granting councils mentioned previously. So the potential for governmental interference in university research is great, because these granting councils (of which there are three — one for medical research, one in the natural sciences and engineering, and one for the humanities and social sciences) are established and funded by the national authority.

However, the federal government maintains a distinctly arm's-length relationship with these councils. The public funds they receive are provided in the form of block grants with no strings attached and, while the amount may vary depending on how satisfied our politicians are with their efforts, there is no direct governmental influence on how they spend their money. Rather, decisions about major priorities and directions in their granting policies are made by the members of the councils themselves, who consist mainly of distinguished scholars appointed by the federal government from across the country largely on the basis of their research expertise. And they, in turn, name nationally representative groups of established university professors to dozens of peer review committees in the various disciplines which are given the responsibility of deciding, on a competitive basis, which research projects will receive grants — based on the quality of proposals developed by individuals and groups of scholars at all of our institutions.

So even in this limited area of federal involvement in the academic work of universities, the general pattern holds true: we are heavily dependent on governments for the financial support we require, but we remain comparatively free of governmental intrusion in our decisions as to how that support will be allocated and managed. As long as we continue to exercise this freedom in a responsible, efficient, and accountable way — as we are clearly expected to do — we have every reason to anticipate that we shall continue to enjoy it. This high level of mutual trust is something that we can take for granted in Canada, but that makes it no less precious to us.

The Canadian option for state-university relationships in a regional setting, then, is one in which the federal government maintains a national interest in the performance of our institutions and becomes involved in those limited areas that do not impinge directly on the constitutional jurisdiction of the provinces in the field of education, but in which the basic provision of higher education is a responsibility of the regional governments. And it is an arrangement in which neither level of government intervenes in the operation of our universities, which are permitted to function as independent, self-governing corporations — as long as they do so, and are seen to be doing so, in a responsible, accountable and effective manner, and obey the laws of the land. We like it this way, and it seems to work well. I hope you will find our model to be of interest, and perhaps of some relevance, in the major restructuring of post-secondary education that is now under way in Russia.